

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**



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Order Instituting Rulemaking to Oversee the
Resource Adequacy Program, Consider
Program Reforms and Refinements, and
Establish Forward Resource Adequacy
Procurement Obligations.

R.21-10-002
(Filed October 7, 2021)

**JOINT CCAS' MOTION FOR CLARIFICATION OF IMPACT OF CENTRAL
PROCUREMENT ENTITY STRUCTURE ON SYSTEM RESOURCE ADEQUACY
OBLIGATIONS**

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September 16, 2022

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Pursuant to Rule 11.1 of the California Public Utilities Commission (“Commission”) Rules of Practice and Procedure (“Rules”), Central Coast Community Energy (“CCCE”) and Peninsula Clean Energy (“PCE”) (collectively, “Joint CCAs”) seek clarification of the impact of the Central Procurement Entity (“CPE”) structure on system resource adequacy (“System RA”) capacity obligations for all load serving entities (“LSEs”).

CCCE is a joint powers authority serving as the Community Choice Aggregator (“CCA”) for Monterey, San Benito and Santa Cruz Counties, and parts of San Luis Obispo and Santa Barbara Counties. CCCE serves more than 400,000 customers throughout the Central Coast, including residential, commercial, and agricultural customers.

PCE is a joint powers authority formed by San Mateo County and all 20 of its cities and towns, as well as the City of Los Banos. Since 2016, PCE has operated a CCA program which provides customers in its member communities with generation service that meets PCE’s aggressive carbon-reduction and renewable energy goals. PCE provides its customers with energy that is nearly carbon-free and will be 100% renewable by 2025.

The Joint CCAs hereby move the Commission to clarify how the recently released CPE procurement outcomes affect the amount of System RA that LSEs must procure and show by October 31, 2022 (the Year-Ahead Resource Adequacy Showing deadline). The Joint CCAs also requests that the Commission clarify what effect, if any, delayed deficiency notices will have on what LSEs must show and/or whether this modification changes the rest of the resource adequacy (“RA”) compliance timeline.¹

I. DISCUSSION

The CPEs began procurement last year for 2023 and 2024, with LSEs continuing to have a Local RA obligation for 2022.² This year is the first year where the CPE is tasked with providing all Local RA procurement for its Transmission Access Charge (“TAC”) area.³ However, the CPE’s procurement operations and obligations still remain unclear, which is causing unnecessary confusion among other jurisdictional LSEs.

On July 20, 2022, Energy Division (“ED”) provided LSEs spreadsheets containing initial Year Ahead System RA obligations. For the first time, the spreadsheets contained Table 10, which detailed the capacity LSEs could expect to receive in System RA capacity credits from the CPE solicitations. CPE solicitations for Local RA for compliance years 2023, 2024, and 2025 were ongoing at the time.

On August 31, 2022, ED provided LSEs with updated reports on the final solicitation results for each of the CPEs. PG&E-CPE’s report shows that it did not procure any additional

¹ Decision (“D.”) 22-03-034, Ordering Paragraph (“OP”) 14.

² D.22-03-034 at 27.

³ D.22-03-034 at 3.

Local RA for the upcoming RA Compliance Year (i.e., 2023).⁴ For 2023, PG&E-CPE obtained only 74% of its total Local RA obligation. After accounting for Cost Allocation Mechanism (“CAM”) and demand response (“DR”) allocations, PG&E-CPE received approximately 50% from self-shown Local RA capacity with only 16% of the total need coming from bundled purchases.

The Joint CCAs request that the Commission clarify how the failure of PG&E-CPE to procure its entire Local RA need affects the amount of System RA that LSEs must show by October 31. The Commission designated the California Independent System Operator Corporation (“CAISO”) as the entity responsible for backstopping CPE procurement of Local RA.⁵ However, the decision does not address the interplay between a Local RA deficiency and the resulting impact to LSEs procuring System RA. The practical effect is that the CPE’s failure to procure sufficient resources forces other LSEs to backstop the CPE for any resulting System RA deficiency. Furthermore, the Commission should clarify whether the CPE is required to match any self-shown resources with system RA capacity to remedy the unpredictable nature and composition (between procured and self-shown) of the CPE’s procurement. The Joint CCAs request that the Commission, through a ruling, decision, or other formal response, specifically state which entities are responsible for the System RA obligation resulting from the CPE’s failure or self-shown resources.

Additionally, the ED’s process for providing year-ahead System RA obligations results in unclear and ambiguous System RA obligations. Rather than providing specific overall System RA requirements, clearly showing various offsets or credits, the LSEs are left to calculate their

⁴ Compare R.21-10-002 *Attachment 1 to Response of Pacific Gas and Electric Company (U 39 E) to the Motion for Extension of Time of the Joint Movants* (December 21, 2021) with 20220906 *PG&E CPE Procurement Summary.xlsx* (September 9, 2022) (showing no meaningful difference in 2023 RA procured resources).

own System RA requirements. As noted above, LSEs received the CPE's solicitation results, but ED has not provided a revised 2023 System RA obligation to LSEs. LSEs are left to attempt to calculate their resulting obligation with seemingly little to no clear instruction from ED or the Commission. Thus, especially as the CPE rollout continues, LSEs are left to derive these numbers based on assumptions about how the overall System RA obligation works. ED should calculate and provide LSEs' specific resource adequacy obligation, which ED already calculates to confirm RA compliance showings, taking into account all credits, and provide instructions on the methods and assumptions they used to derive these obligations.

Finally, the Commission determined that ED will not send any deficiency notices to LSEs in PG&E's TAC area earlier than January 1, 2023.⁶ In previous years, deficiency notices have already not been received until after the first of the year. The Joint CCAs therefore request that the Commission clarify how the Commission's direction changes what LSEs must deliver by the Year-Ahead Showing or whether penalties will or will not be applied and when. It is also unclear how this operates with month-ahead showings, which begin in November 2022 for the January 2023 showing month. The language seems to suggest that LSEs will functionally have until December 31, 2022 to meet their year-ahead System RA (and possibly month-ahead) requirements without facing penalties, but this is not explicit and the Joint CCAs would appreciate additional clarity.

II. REQUESTED CLARIFICATION

In sum, in order to adequately plan procurement for the year-ahead System RA obligation, LSEs need formal clarity from the Commission on whether LSEs must provide backstop System RA capacity when the CPE fails to procure adequate Local RA or large

⁵ D.22-03-034 at 4.

portions of its requirement are met through self-shown resources. Alternatively, the Commission should confirm that the CPE is responsible for procuring its Local RA obligation, and if it fails to do so, that CAISO is solely responsible for both Local RA and System RA deficiencies. Further, rather than the onus being on LSEs to derive System RA obligations from several different sources of information, the ED should provide each LSE with specific and clear System RA requirements. Finally, the Commission should clarify the effect of the delayed deficiency notice contemplated in its recent decision.

The Joint CCAs requests that the Commission provide a response to the above by no later than September 26, 2022. Acting separately, CCCE has identified similar issues in a letter to Deputy Director Tesfai. Absent a response by the stated date, CCCE may be forced to explore all other legal remedies available to it.

Dated: September 16, 2022

Respectfully submitted,

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⁶ D.22-03-034 at OP 14.